Department of State TELEGRAM

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 SPC-03

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08

OMB-01 CEA-02 L-03 H-03 PA-03 PRS-01 USIA-15 COME-00

INT-08 SCEM-02 DRC-01 /182 W
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R 201610Z SEP 73
FM AMEMBASSY ROME
TO SECSTATE WASHDC 888
INFO AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY TRIPOLI
USMISSION EC BRUSSELS
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: ENRG, IT, LY
SUBJECT: TEXACO SUITS IN ITALY TO RECOVER NATIONALIZED LIBYAN OIL
REF: STATE 183155 NOTAL

1. TEXAS OVERSAES PETROLEUM COMPANY (TOPCO), TEXACO SUBSIDIARY, HAS FILED TWO SUITS IN TRIBUNAL OF CAGLIARI, SARNINIA TO RECOVER OIL SHIPPED BY LIBYAN NATIONAL OIL COMPANY (LNOC) FROM TEXACO'S AMOSEAS (50 PERCENT TEXACO TP PERCENT STANDARD OIL OF CALIFORNIA) CONCESSION TO ITALY FOR REFINING. THE 320,400 BARREL CARGO REPORTEDLY TAKEN BY LNOC SUBSEQUENT TO SEPTEMBER 1 LIBYAN NATIONALIZATION

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DECREE SHIPPED FROM RAS LANUF TO CAGLARI FOR REFINING AT SARAS REFINERY OWNDED BY INDEPENDENT MORATTI. TEXACO LAWYER ROME DESCRIBED THE TWO COURT SUITS AS FIRST ONES RESULTING FROM SEPTEMBER 1 LIBYAN 51 PER CENT NATIONALIZATION DECREES, AND EXPECTS SUB-SEQUENT SUITS TO FOLLOW IN OTHER COUNTRIES. ITALIAN PRESS REPORTS CONTAIN NO MENTION OF THE SHIPMENT BEING SOLD TO NEW ENGLAND PETROLEUM CORP. OF N.Y. AS REPORTED REFTEL.

2. FIRST OF THE TWO CAGLIARI SUITS FILED SEPTEMBER 15 AGAINST THE OWNER OF THE TANKER NEPCO COURAGEOUS WHICH TRANSPORTED THE CRUDE. TEXACO SPOKESMAN STATED THAT TOPCO OBTAINED COPY OF CARGO DOCUMENTS FOR THE SHIPMENT AS WELL AS SAMPLE OF CRUDE ABOARD. SECOND SUIT FILED SEPTEMBER 19 AGAINST SARAS REFINERY TO WHICH SHIPMENT WAS DESTINED.

3. IT MAY BE RECALLED THAT BRITISH PETROLEUM LOST A DECISION EARLIER THIS YEAR IN A SYRACUSE COURT REGARDING A CRUDE OIL SHIPMENT BY LNOC FROM BP'S NATIONALIZED SARIR FIELD TO ITALY FOR REFINING. COURT RULED THAT THE CRUDE IN QUESTION RIGHTFULLY BELONGED TO LNOC, NOT BP, HOLDING THAT CRUDE OIL IS PROPERTY OF PRODUCING COUNTRY UNTIL MOMENT OF ITS ACQUISTION BY CONEESSIONARY (ROME A-290 NOTAL). BP HAS APPEALED DECISION, AND CATANIA TRIBUNAL SCHEDULED TO HOLD A HEARING OCTOBER 1.

4. TOPCO MAINTAINS THAT PRESENT CASE IS SOMEWHAT DIFFERENT FROM THAT OF BP IN THAT THE AMOSEAS OIL CAME FROM AMOSEAS STORAGE TANKS, NOT REPT NOT DIRECTLY FROM THE FIELD AS WAS THE CASE WITH THE BP OIL. AS ALL THE NECESSARY TAXES HAD BEEN PAID ON THE OIL, TOPCO MAINTAINS THAT AMOSEAS IS THE FULL LEGAL OWNER OF IT. VOLPE